

STATEMENT OF PURPOSE

RS19143

This bill relates to income taxes. It codifies the existing administrative rule and practice of the State Tax Commission regarding carryovers of net operating losses (NOLs) of merged corporations. The bill will permit an NOL carryover to survive a merger subject to the limitations of sections 381 & 382 of the Internal Revenue Code and to normal rules of apportionment applicable to multistate income.

Current statute is silent on survival of NOLs after a merged corporation ceases to exist. The State Tax Commissions long-standing practice and administrative rule has allowed the survival by applying federal law to the Idaho specific statutes on NOLs. The rule may lack statutory support. This bill will codify the provisions of the rule.

FISCAL NOTE

None.

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